



Mark Sanford
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Joe E. Taylor, Jr.
Secretary

**TO: State Budget & Control Board
Senate Finance Committee
House Ways & Means Committee**

**FROM: Alan D. Young, Executive Director, Coordinating Council
South Carolina Department of Commerce**

DATE: March 15, 2010

**SUBJECT: Economic Development Set-Aside and
Rural Infrastructure Fund Activity for 2009**

On behalf of the Coordinating Council for Economic Development, I am pleased to submit the 2009 Coordinating Council for Economic Development Annual Report of Fund Activity. In accordance with Sections 12-10-85(D) and Proviso 40.12 of the General Appropriations Bill for Fiscal Year 2008-2009, this report details activities of the Council regarding the Economic Development Set-Aside Fund and Rural Infrastructure Fund. Both are managed by the South Carolina Department of Commerce's Grants Administration Division.

Please call me at 803-737-0448 should you have questions or need additional information.

cc: The Honorable Joe E. Taylor, Jr., Secretary of Commerce
Chairman, Coordinating Council for Economic Development
Ray Stevens, Director, SC Department of Revenue
Chairman, Coordinating Council Enterprise Committee
The Honorable J. William McLeod, Commissioner, SC Employment Security
Commission
The Honorable Hugh E. Weathers, Commissioner, SC Department of Agriculture
Montez C. Martin, Jr., Chairman, State Board for Technical and Comprehensive
Education
William E. Masters, SC Research Authority
Peter Brown, Chairman, Jobs Economic Development Authority
O. L. Thompson, Chairman, Santee Cooper
Chad Prosser, Director, SC Dept. of Parks, Recreation and Tourism
William H. Stern, Chairman, State Ports Authority

Enclosure

**South Carolina
Coordinating Council for
Economic Development**

**2009 Annual Report of
Economic Development Set-Aside and
Rural Infrastructure Fund Activity**

March 2010

**SC Coordinating Council for Economic Development
2009 Report of Economic Development Set-Aside and
Rural Infrastructure Fund Activity**

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OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

The Coordinating Council for Economic Development (“Council”) was formed in response to a general need for improved coordination of efforts in the area of economic development by those state agencies involved in the recruitment of new business and the expansion of current enterprises throughout the State. Formally established in 1986 by the General Assembly (SC Code 13-1-1710), the purpose of the Council is to enhance economic growth and development in the State through strategic planning and coordination. As such, the Council is chaired by the Secretary of Commerce. Nine additional members are drawn from other state agencies involved in economic development, and the member agency heads are either board chairmen or cabinet officials.

The Council’s administrative staff is housed in the Grants Administration Division of the South Carolina Department of Commerce (“Department of Commerce”), which manages the Council’s grant funds as well as the Enterprise Zone programs. Grants Administration also manages two federal grant programs, the Community Development Block Grant and Appalachian Regional Commission programs.

COUNCIL RESPONSIBILITIES AND MEMBERSHIP

By statute, the full body of the Council is required to meet at least quarterly. Its responsibilities include: establishing guidelines and procedures for all Council programs; implementing the state’s strategy for economic development; reviewing and approving all applications for grants from the Set-Aside, Rural Infrastructure, Closing and Tourism Infrastructure Funds; and reviewing and approving all applications for Enterprise Zone Job Development Credit and Retraining incentives. The Council also certifies economic development projects as representing “significant economic impact” on areas surrounding them, for the purposes of qualifying for income tax apportionment and income tax moratoriums.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, six-member subcommittee (“Enterprise Committee”) to handle the substantial volume of new activity and related policy decisions. As of 2008, the Enterprise Committee is now made up of five members. This committee meets monthly to review and approve applications for Enterprise Zone incentives, and to respond to issues and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown on the following page.

AGENCY MEMBERS OF THE COORDINATING COUNCIL

SC Department of Commerce	*SC Department of Revenue
SC Department of Parks, Recreation and Tourism	*SC Department of Agriculture
Santee Cooper	*Employment Security Commission
SC Research Authority	*State Ports Authority
State Board for Technical and Comprehensive Education	*Jobs Economic Development Authority

**Denotes Enterprise Committee member*

2009 ADMINISTRATIVE CHANGES

Joe E. Taylor, Jr., who was appointed Secretary of Commerce by Governor Sanford in March 2006, acted as Chairperson of the Coordinating Council throughout 2009. Ray Stevens, Director of the SC Department of Revenue, chaired the Enterprise Committee of the Coordinating Council throughout 2009. The heads of several member agencies changed during 2009.

Council membership after all changes in calendar year 2009 was as follows:

Joe E. Taylor, Jr.	Secretary of Commerce Chairman, Coordinating Council for Economic Development
Ray Stevens	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
J. William McLeod	Commissioner, SC Employment Security Commission
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Montez C. Martin, Jr.	Chairman, State Board for Technical and Comprehensive Education
William E. Masters	Chairman, SC Research Authority
Peter Brown	Chairman, Jobs and Economic Development Authority
O.L. Thompson	Chairman, Santee Cooper
David J. Posek	Chairman, State Ports Authority
Chad Prosser	Director, SC Department of Parks, Recreation and Tourism

Coordinating Council staff:

Alan D. Young	Executive Director, Coordinating Council
Cynthia S. Turnipseed	Assistant to the Director and staff attorney
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Jackie Calvi	Senior Program Manager, CCED Grant Programs

ECONOMIC DEVELOPMENT SET-ASIDE FUND

OVERVIEW

In 1987 the General Assembly passed a bill that provided for an additional 3 cents per gallon tax on the sale of gasoline in the State. The General Assembly charged the Coordinating Council for Economic Development with administering this new initiative known as the Economic Development Set-Aside Program. The Set-Aside Fund is dedicated to improving the economic well being of the state by providing funds to local government to develop the infrastructure necessary for new and expanding business. At inception, the fund was created from the first \$10 million received through state gas tax revenues. The annual \$10 million appropriation was later increased to \$18 million, and then in July 2006, to \$20 million. The funding source was also changed to be split between utility and gas tax revenues. By 2008 utility taxes were the sole funding source and Set-Aside revenue was capped at \$20 million.

TYPES OF PROJECTS FUNDED

The purpose of the Set-Aside Fund is to assist companies in locating or expanding in South Carolina. The program provides funding for competitive projects that, without Set-Aside participation, would not locate in South Carolina. Set-Aside grants are used primarily to fund road improvements, water and sewer infrastructure and site preparation costs related to business location and expansion.

FUNDING CONSIDERATIONS

The Council considers funding for projects on an individual basis. In evaluating projects, the Council will consider:

- Competitiveness of the project,
- Number and type of jobs created,
- Type of industry (e.g., manufacturing, distribution, corporate headquarters, research and development),
- Unemployment rate in county where the project locates,
- Total invested dollars (land, building, machinery and equipment costs),
- Cost of the project,
- Cost-effectiveness of the project,
- Future tax revenues anticipated,

- Time frame for completion of construction of the facility,
- Infrastructure needs of the region,
- Funding sought from other sources,
- Financial viability of the company, and
- Company status as a good corporate citizen.

FUNDING GUIDELINES

- Set-Aside funding approval is tied directly to specific economic development projects with new job creation and capital investment.
- As a general rule, Set-Aside funding will not exceed \$10,000 per new job created.
- A Department of Commerce Business Development project manager must be actively involved in the recruitment of the economic development project for which funding is requested.
- Without Set-Aside funding, the project will not locate or expand in South Carolina.
- If the company fails to meet either the job or the capital investment guarantee, Council reserves the right to require that funds be paid back on a pro rata basis.
- Reimbursement of engineering costs may be limited to the “Percentage of Net Construction Cost” table published by the USDA.
- Project contingencies will be limited to 10% of the project budget.

OVERVIEW OF THE FUNDING PROCESS

1. The Department of Commerce Business Development Division works with the local government to identify specific funding needs for the project. Preliminary details such as cost estimates, project scope, company financials and number of jobs and level of investment expected are submitted to Business Development.
2. Preliminary information is reviewed, and if it is determined that the project is consistent with the economic development goals of the state and meets established evaluation criteria, the local government is invited to submit a formal application for funding.
3. The application is submitted to the Department of Commerce Grants Administration Division and is processed by staff.
4. Funding requests are presented to the Council at its quarterly meetings. The Council has the discretion to approve or disapprove all funding requests and may negotiate funding terms and amounts as it sees fit.
5. If the funding is approved, staff sends an approval packet to the local government applicant. The packet includes the approval letter, grant award agreement and performance agreement.
 - a. The grant award agreement is to be signed by representatives with the authority to enter into contracts on behalf of the local government. Once signed, the agreement

becomes an executed contract between the Coordinating Council and the local government. There are specific requirements contained in the grant award agreement.

- b. The performance agreement is a contract between the company, the local government applicant and the Coordinating Council. This agreement must also be signed by representatives that have the legal authority to enter into a contract on behalf of their respective entity. The performance agreement has specific criteria related to jobs and investment.
6. Once contracts related to the grant project are signed, copies are sent to the Council for its review.
7. The Set-Aside grant is a reimbursement of approved project costs. The cost estimates provided at application will serve as the project budget. Only those approved budget items and the respective amounts will be eligible for reimbursement.
8. As project invoices for approved budget items are paid, they are submitted to Grants Administration staff to be processed for payment. Staff monitors the grantee's compliance with grant terms and reserves the right to deny payment for ineligible project costs or for failure to comply with grant requirements.
9. Once the project is complete, the grantee notifies the Council in writing and a closeout packet is sent.
10. The grantee returns the closeout packet and all required documentation to the Council. The packet is reviewed, and if it is determined that the grantee has complied with all terms of the grant agreement, the grant is officially closed.

ELIGIBLE AND INELIGIBLE ACTIVITIES

Effective July 1, 2001 a proviso defining eligible uses of Set-Aside funds was passed by the legislature. Specifically, the proviso limited the use of Set-Aside funds to road construction/improvement projects, water and sewer projects and site preparation, and it further defined allowable site preparation activities. In July 2006, the legislature passed a second proviso expanding eligible activities to include fiber optic cable, rail spurs and the purchase of land.

Below is a list of eligible and ineligible activities as defined either by statute or Council guideline.

Eligible Activities

- Public Improvements - Roads, Water and Wastewater Infrastructure
 - Planning
 - Engineering
 - Right-of-way
 - Drainage
 - Curb and gutter – *only when necessary for drainage*
 - Construction
 - Cantilevered flashing light signals and/or gates at railroad crossings *when necessary*
 - Road re-surfacing or widening
 - Turn lanes and acceleration and deceleration lanes

- Site preparation
 - Surveying
 - Environmental and geotechnical study and mitigation
 - Clearing, filling and grading
- Fiber optic cable
- Rail spurs
- Land acquisition

Activities Not Eligible for Set-Aside Funding

- Speculative projects
- Opening up access to undeveloped property
- State government funded projects
- Maintenance of industrial/research parks
- Shopping centers/strip malls
- Signage (*except project signs required as part of the grant award agreement or permanent construction signs required by the Department of Transportation*)
- Paving of parking lots or lighting
- Civic centers and/or auditoriums, except that road improvements for civic centers may be funded (up to \$1,000,000) if associated with substantial economic development projects
- Curb and guttering for aesthetic purposes
- Concrete loading docks or pads
- Equipment and moving expenses
- Residential developments

2009 ACCOMPLISHMENTS

During calendar year 2009, Council awarded twelve (12) new Set-Aside grants totaling \$11.2 million to nine (9) local governments in eight (8) counties. Projected capital investment from the associated projects is \$1.04 billion, and projected new jobs total 4,787. Commitments were also made for an additional \$16.4 million for projects which are not yet decided. If won, these projects will represent an additional 4,026 jobs and \$1.09 billion in investment.

On the following pages are tables that outline project placement by county development status and the distribution of awarded funds between economic development projects associated with companies new to South Carolina and existing companies expanding in South Carolina. Also included is a table that provides specifics on all projects approved during calendar year 2009. The totals shown on these charts only represent new grants awarded in 2009 and do not reflect amendments made to previously approved grants or funds committed by the Council.

**2009 ECONOMIC DEVELOPMENT SET-ASIDE GRANT AWARDS
- BY COUNTY CLASSIFICATION -**

COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Least Developed	1	\$15,000,000	40
Under Developed	0	\$0	0
Moderately Developed	2	\$120,200,000	435
Developed	9	\$902,255,000	4,312
TOTALS	12	\$1,037,455,000	4,787

**2009 ECONOMIC DEVELOPMENT SET-ASIDE GRANT AWARDS
- BY PROJECT TYPE -**

PROJECT TYPE	FIRMS	PROJECTED INVESTMENT	PROJECTED JOBS
Existing	5	\$42,600,000	425
New	6	\$994,855,000	4,362
TOTALS	11	\$1,037,455,000	4,787

**NEW GRANT AWARDS
ECONOMIC DEVELOPMENT SET-ASIDE FUND
CALENDAR YEAR 2009**

Grant Number	Grant Recipient	County	County Tier	Scope of Work	Grant Amount	Projected New Jobs	Projected Investment
S1797	Florence County	Florence	Moderately Developed	Site, Infrastructure, Roads	\$1,500,000	350	101,400,000
S1824	York County	York	Developed	Site and Infrastructure	\$150,000	70	6,000,000
S1826	Lexington County	Lexington	Developed	Roads	\$50,000	5	6,000,000
S1831	York County	York	Developed	Site Prep	\$200,000	22	14,855,000
S1847	Town of Clover	York	Developed	Water, Sewer	\$150,000	80	10,000,000
S1848	Cherokee County	Cherokee	Least Developed	Roads	\$250,000	40	15,000,000
S1849	York County	York	Developed	Site Prep	\$200,000	185	1,800,000
S1853	Berkeley County	Berkeley	Developed	Site, Infrastructure, Roads	\$3,000,000	100	48,600,000
S1859	Greenville County	Greenville	Developed	Rail	\$500,000	50	65,000,000
S1868	Oconee County	Oconee	Moderately Developed	Site Prep	\$70,000	85	18,800,000
S1872	Charleston County	Charleston	Developed	Site Prep	\$5,000,000	3,800	750,000,000
S1874	Charleston County	Charleston	Developed	Traffic Study	\$150,000		
	**Governor's Closing Fund				\$7,000,000		
	**Agency Budget				\$1,400,000		
TOTALS					\$19,620,000	4,787	1,037,455,000

Please note: this tables only includes grants that have been formally approved and accepted by the company involved. Contingent commitments are not included.

*** In accordance with Proviso 89.96 of the Appropriation Act of FY 2009-10, Council approved \$7 million in Set-Aside funds be transferred to the Governor's Closing Fund and \$1.4 million to the agency budget.*

RURAL INFRASTRUCTURE FUND

OVERVIEW

The South Carolina Rural Development Act was enacted by the legislature in 1996 (SC Code 12-10-80). This act established the Rural Infrastructure Fund (RIF) with the purpose of providing financial assistance to local governments, primarily in rural counties, for infrastructure and other economic development activities. The goal of the RIF program is to promote and encourage economic growth and prosperity in the state's rural areas.

Enabling legislation gave the Coordinating Council responsibility for funds generated by the provisions of the Rural Development Act, as well as for developing policies and procedures. Funding comes from companies participating in an Enterprise Zone Revitalization Agreement with the Council, which permits companies to claim a refund for a portion of the employee state payroll tax withholding sent to the Department of Revenue each quarter. This refund is designated as a Job Development Credit (JDC) and may be used by the company to offset certain eligible company expenses, such as real property, associated with its new or expanded operation.

Participating companies located in the least developed counties of the state are eligible to claim a refund of 100% of the JDCs to which they are entitled under their Revitalization Agreement. Participating companies in under developed counties may claim only 85% of the JDCs for which they are otherwise eligible; in moderately developed counties companies may claim only 70%; and in developed counties only 55%.

The JDC funds which participating companies cannot claim as a result of being located in an under, moderately or developed county are the source of funding for the RIF grant program. The Department of Revenue collects and transfers these monies to the RIF each quarter.

The Council has designated the Department of Commerce's Community and Rural Development and Grants Administration Divisions to develop and administer the RIF grant program. If the Council approves a county's RIF application, the Grants Administration Division administers the funds and works with the county to ensure successful implementation of the project.

Council is allowed to use 5% of RIF funds for administration. This year, in accordance with Proviso 89.96 of the Appropriation Act for FY 2009-10, Council approved \$580,200 in RIF Admin funds be transferred to the Department of Commerce to offset budget reductions.

2009 JOBS TAX CREDIT DESIGNATIONS

DISTRESSED 100%	LEAST DEVELOPED 100%	UNDER DEVELOPED 85%	MODERATELY DEVELOPED 70%	DEVELOPED 55%
Allendale Bamberg Barnwell Clarendon Dillon Lancaster Lee Marion Marlboro McCormick Union Williamsburg	Abbeville Cherokee Chesterfield Edgefield Fairfield Greenwood Hampton Laurens Orangeburg	Aiken Calhoun Chester Colleton Georgetown Jasper Pickens Saluda Sumter	Anderson Beaufort Darlington Florence Horry Newberry Oconee Spartanburg	Berkeley Charleston Dorchester Greenville Kershaw Lexington Richland York

TYPES OF PROJECTS FUNDED

In the past, RIF funds were used primarily for “product development;” however, in 2005, the Council adopted a formal investment strategy that broadened the use of RIF funds to other types of activities necessary to improve economic competitiveness. As a result of the investment strategy, RIF funds are now targeted towards four areas:

- Tourism development
- Commercial revitalization
- Workforce development
- Business development

APPLICANT QUALIFICATION

Under the enabling legislation, only local governments that are located within counties with a “least developed” or “distressed” designation are qualified to apply for RIF funds. However, when annual deposits exceed \$10 million, 25% of the amount over \$10 million must be made available to counties qualified as “under developed”, “moderately developed” or “developed” and grants can be made for projects to benefit the underdeveloped areas of those counties.

The “development level” of each county corresponds to the “Jobs Tax Credit” ranking that is determined and published at the beginning of each calendar year by the SC Department of Revenue. The criteria for this determination was established by the legislature (SC Code of Laws §12-6-3360.)

APPLICATION EVALUATION

In evaluating an application, the Council considers a variety of factors, including:

- Competitiveness of the project.
- Economic viability of the project.
- Cost effectiveness of the project activities.
- Benefit to the state/region/county/municipality.
- Ability of local government(s) to carry out and maintain the project.
- Consistency with the state's strategic development goals.
- Level of financial commitment from the county and, if appropriate, the municipality where the project is located.
- Consistency of the proposed project with the county's strategic development plan and degree to which carrying out the project will further the success and implementation of that plan.

ELIGIBLE PROJECTS AND ACTIVITIES

RIF grant assistance may only be used for eligible projects and for eligible activities. Both are described below.

Eligible Projects

To be eligible to apply for RIF funds, a project must support the implementation of a county strategic development plan, or the project must be directly related to economic development in the area. In addition, projects must demonstrate:

- Local political and public support.
- Ability to proceed to completion within a reasonable period of time.
- Significant community financial support, including commitments from all other sources of funding. (RIF grants typically will not fund 100% of any request. To ensure this, projects are considered for RIF funding only once all other available sources of funding have been committed. There generally must be a demonstrable shortfall that cannot be met without RIF assistance.)

Eligible Activities

Eligible activities generally include infrastructure and economic development activities. Examples are listed below.

- Engineering
- Right-of-way acquisition
- Drainage
- Roads
- Rail spurs
- Economic development program enhancement

- Speculative building assistance
- Training costs and facilities
- Improvements to regionally planned public and private water and sewer systems
- Fixed transportation facilities including highway, rail, water and air
- Improvements to both public and private electricity, natural gas and telecommunications systems
- Environmental studies
- Feasibility studies
- Community revitalization
- Marketing (studies, materials)
- Small business incubators
- Industrial park development and improvement

2009 ACCOMPLISHMENTS

During 2009, the Coordinating Council awarded a total of twenty-two (22) community and economic development related Rural Infrastructure Fund projects. These RIF grants assisted a total of sixteen (16) rural counties. Ten (10) counties received grants to assist in providing roads, water/sewer infrastructure, site improvements or building improvements required to support new business locations or expansions that will result in 1,651 new jobs and \$95 million in new capital investment. Commitments were also made for an additional \$10.5 million for projects which are not yet decided. If won, these projects will represent an additional 2,243 jobs and \$180 million in investment.

Ten (10) counties received funds for economic development preparation activities, including:

- Product development or development of sites, buildings and industrial parks to attract new businesses or encourage existing businesses to expand, and
- Public infrastructure water/sewer improvements and plans related to regionalization of these key systems.

Combined, a total of \$12.3 million in RIF program funds was awarded during calendar year 2009. The RIF grants awarded during the year are detailed on the following page(s).

**NEW BUSINESS DEVELOPMENT GRANT AWARDS
RURAL INFRASTRUCTURE FUND
CALENDAR YEAR 2009**

Grant Number	Grant Recipient	County	County Tier	Scope of Work	Grant Amount	Projected New Jobs	Projected Investment
RIF07450139	Williamsburg County	Williamsburg	Distressed	Site Prep	\$65,000	50	\$750,000
RIF08240159	Greenwood County	Greenwood	Least Developed	Site, Infrastructure, Roads	\$300,000	52	\$15,000,000
RIF09060172	Barnwell County	Barnwell	Distressed	Relocation of Equipment	\$3,300,000	500	\$31,000,000
RIF09380178	Orangeburg County	Orangeburg	Least Developed	Building	\$50,000	25	\$1,500,000
RIF09240182	Greenwood County	Greenwood	Least Developed	Relocation of Equipment	\$150,000	50	\$2,500,000
RIF09130185	Chesterfield County	Chesterfield	Least Developed	Building	\$100,000	20	\$2,200,000
RIF09010187	Abbeville County	Abbeville	Least Developed	Rail	\$125,000	22	\$7,000,000
RIF09340190	Marion County	Marion	Distressed	Building	\$1,000,000	262	\$6,000,000
RIF09290191	Lancaster County	Lancaster	Distressed	Relocation Costs	\$250,000	500	\$11,500,000
RIF09300192	Laurens County	Laurens	Least Developed	Building	\$150,000	90	\$3,100,000
RIF09110197	Cherokee County	Cherokee	Least Developed	Building	\$180,000	30	\$4,500,000
RIF09240199	Greenwood County	Greenwood	Least Developed	Site, Infrastructure	\$100,000	50	\$10,100,000
TOTALS					\$5,770,000	1,651	\$95,150,000

Please note: these tables only include grants that have been formally approved and, when appropriate, accepted by the company involved.

**NEW NON-BUSINESS DEVELOPMENT GRANT AWARDS
RURAL INFRASTRUCTURE FUND
CALENDAR YEAR 2009**

Grant Number	Grant Recipient	County	County Tier	Scope of Work	Grant Amount
RIF08010160	Abbeville County	Abbeville	Least Developed	Construction of Speculative Building	\$500,000
RIF08050161	Bamberg County	Bamberg	Distressed	Construction of Speculative Building	\$715,000
RIF08120162	Chester County	Chester	Under Developed	Acquisition for Site Development	\$750,000
RIF08130163	Chesterfield County	Chesterfield	Least Developed	Construction of Speculative Building	\$500,000
RIF08200165	Fairfield County	Fairfield	Least Developed	New Park Development	\$1,000,000
RIF08250166	Hampton County	Hampton	Least Developed	Construction of Speculative Building	\$500,000
RIF08030168	Allendale County	Allendale	Distressed	Workforce Facility Development	\$500,000
RIF09000173*	Lee County	Lee	Distressed	Small Business Development	\$800,000
RIF09340175	Marion County	Marion	Distressed	Existing Park Improvements	\$1,000,000
RIF09240188	City of Greenwood	Greenwood	Least Developed	Commercial Revitalization	\$300,000
TOTAL					\$6,565,000.00

** Lee County will act as administrator for the grant; produce stands will be located in distressed or least developed counties throughout the State*

GRANT PROGRAM COMPLIANCE

Grants from any of the funds managed by the Council, including the Set-Aside Fund, Rural Infrastructure Fund, Governor's Closing Fund and Tourism Infrastructure Fund, are made under and in accordance with the laws of the State of South Carolina. The federal and state courts within South Carolina have exclusive jurisdiction to adjudicate any disputes arising out of or in connection with these grants.

Failure to comply with any of the terms and conditions of the grant can cause the Council to take, in addition to any relief that it is entitled to by law, any or all of the following actions:

- Require repayment of all or a portion of any grant funds provided; and/or cancel, terminate, or suspend the grant, in whole or in part.
- Refrain from extending any further assistance or grant funds until such time as the grantee is in full compliance with the terms and conditions of the grant agreement.

MONITORING

Projects must be completed by the grantee within eighteen (18) months of the date of award of the grant. Completion is defined as the final documentation by grantee to Council of grant funds expended and issuance by Council of a notification in writing of the closure of the grant. The Council may grant extensions to the completion period requirement at its discretion.

All projects must begin within three (3) months of the date of award of the grant. If the grantee does not begin the project within three (3) months of the date of award of the grant, the Council reserves the right to rescind the grant, require the repayment of any grant funds provided to grantee and terminate the agreement.

PROCUREMENT

Records for property purchased totally or partially with grant funds must be retained for a period of three (3) years after its final disposition. The grantee will maintain records relating to procurement matters for the period of time prescribed by applicable procurement laws, regulations and guidelines, but no less than three (3) years. All other pertinent grant and project records including financial records, supporting documents and statistical records will be retained for a minimum of three (3) years after notification in writing by the Council of the closure of the grant.

The grantee will certify, to the best of its knowledge, information and belief, that the work on the project for which reimbursement is requested has been completed in accordance with the terms and conditions of the grant agreement. The grantee will return surplus grant funds that result from project cost underruns and commit and provide monies from its own resources for cost overruns that are required to complete the project.